

Introduced by Senator Cannella

February 18, 2011

An act to amend Section 12440.1 of the Government Code, relating to the California State University.

LEGISLATIVE COUNSEL'S DIGEST

SB 736, as introduced, Cannella. California State University: trustees.

Existing law authorizes the Trustees of the California State University to draw from funds appropriated to the university, for use as a revolving fund, amounts necessary to make payments of obligations of the university directly to vendors. Existing law requires the Trustees of the California State University to contract with one or more public accounting firms to conduct a systemwide and individual campus annual financial statement audit.

This bill would instead require the Trustees of the California State University to contract with one or more public accounting firms to conduct a systemwide annual financial statement audit in accordance with generally accepted accounting principles, as well as other required compliance audits. This bill would delete the requirement that at least 10 individual campus audits be conducted on a rotating basis, and each campus be audited at least once every 2 years.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 12440.1 of the Government Code is
- 2 amended to read:

1 12440.1. (a) The trustees, in conjunction with the Controller,
2 shall implement a process that allows any campus or other unit of
3 the university to make payments of obligations of the university
4 from its revolving fund directly to all of its vendors.
5 Notwithstanding Article 5 (commencing with Section 16400) of
6 Chapter 2 of Part 2 of Division 4 of Title 2, or any other ~~provision~~
7 of law, the trustees may draw from funds appropriated to the
8 university, for use as a revolving fund, amounts necessary to make
9 payments of obligations of the university directly to vendors. In
10 any fiscal year, the trustees shall obtain the approval of the Director
11 of Finance to draw amounts in excess of 10 percent of the total
12 appropriation to the university for that fiscal year for use as a
13 revolving fund.

14 (b) Notwithstanding Sections 925.6, 12410, and 16403, or any
15 other ~~provision of~~ law, the trustees shall maintain payment records
16 for three years and make those records available to the Controller
17 for postaudit review, as needed.

18 (c) Notwithstanding Section 8546.4 or any other ~~provision of~~
19 law, the trustees shall contract with one or more public accounting
20 firms to conduct *a systemwide and individual campus annual*
21 *financial statement and audit in accordance with generally*
22 *accepted accounting principles (GAAP), as well as other required*
23 *compliance audits without obtaining the approval of any other*
24 *state officer or entity. At least 10 individual campus audits shall*
25 *be conducted on a rotating basis, and each campus shall be audited*
26 *at least once every two years.*

27 (d) The internal and independent financial statement audits of
28 the trustees shall test compliance with procurement procedures
29 and the integrity of the payments made. The results of these audits
30 shall be included in the biennial report required by Section 13405.

31 (e) As used in this section:

32 (1) "Trustees" means the Trustees of the California State
33 University.

34 (2) "University" means the California State University.